

2005 Integrated Energy Policy Report

HEARING ON INVESTOR-OWNED UTILITY RESOURCE PLAN SUMMARY REPORT

**Commissioner John L. Geesman,
Presiding Member**

**Commissioner James D. Boyd,
Associate Member**

June 29, 2005



Hearing Overview

- Introduction and overview
- Utility representatives presentations on resource plan filings
- Staff presentation on *IOU Resource Plan Summary Report*
- Comment and discussion



Resource Plans

- The Energy Commission directed the state's load serving entities to file retail price, demand forecast and resource plan data for the 2005 *Energy Report* proceeding
- Today's hearing focusing on resource plans provided by the state's three largest investor owned utilities:
 - PG&E
 - SCE
 - SDG&E



Supply Forms Format

- Monthly capacity and energy resource accounting tables for 2006-2016
 - Compare expected demand with existing and planned supply to identify resource gap
 - Assign resource gap to generic categories of resources: plausible RPS-eligible renewables, baseload, load-following and peaking, year-round load-following, seasonal peaking
- Many uncertainties affect estimates of what the gap might be and how much procurement to authorize in advance
 - How well existing policies are implemented
 - What new policies, decisions will be affecting IOU demand and procurement
 - Natural gas and electricity market conditions
- Future resources actually procured will differ from these resource “plans”
 - Bids received in solicitations are evaluated on their merits, using least-cost best-fit criteria



Reference Case

- **Reference case assumptions specified in Energy Commission's forms and instructions:**

- CPUC D.04-09-060 energy efficiency goals are met
- Price-sensitive demand response goals reduce peak load by 5% after 2006
- RPS-eligible renewables are 20% of retail sales by 2010
- No new load migration to Direct Access
- Some load departs to Community Choice Aggregation or Municipalization
 - ◆ begins no earlier than 2007 but no later than 2013
 - ◆ at least 4% but no more than 10% of bundled load



F&I-Specified Supply Scenarios

- **Reference Case w/o New Transmission**
 - Additional case required if Reference Case assumed major new transmission
- **Accelerated Renewables Case**
 - RPS-eligible renewable development on path to 33% of retail sales by 2020 consistent with the *2004 Energy Report Update* recommendation
 - ◆ PG&E and SDG&E: 28% by 2016
 - ◆ SCE: 31% by 2016 based on goal of 35% by 2020
- **Core/Non-Core Scenario – a “low load” case**
 - by 2012, 75% of customers with peak demand of 500 kW or more depart
- **Preferred Case - IOUs free to use own assumptions**



Additional F&I Requirements

- Resource plan costs
- Local reliability assessment
- Impact of GHG adder on bid evaluations
- Natural gas and wholesale power prices
 - How variations in these affect resource plan costs
- Impact of QF contract persistence
- Additional uncertainties
 - Nuclear unit prolonged outage or retirement
 - Mohave generating station return to service
- Transmission constraints to procurement



Organization of Staff Assessment

- Scope limited to PG&E, SCE and SDG&E
 - Other LSEs included in statewide outlook to be published in July
- Preferred resource procurement mandates
 - Energy efficiency
 - Price-sensitive demand response
 - RPS-eligible renewable energy
- Distributed generation
- Existing & planned resources
 - CDWR & QF Contracts
- Net Open Position
 - Qualitative description only
- Resource plan impacts and uncertainties
- Transmission constraints



Upcoming Electricity and Natural Gas hearings and workshops

June 30	Demand forecast (at Cal EPA)
July 1	Strategic Value Analysis for integrating renewable resources
July 7	Electricity issues and policy options
July 11	Energy efficiency issues and policy options (at Cal EPA)
July 14	Natural gas forecast and policy options
July 25 & July 26	Implementing California's loading order for electricity resources; and statewide/WECC resource review
July 28	Transmission
August 9	Natural gas forecast scenarios



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COMMITTEE HEARING ON THE INVESTOR-OWNED UTILITY RESOURCE PLAN SUMMARY REPORT

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